



WTM/KCV/CFD/26/2025-26

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11 AND 11A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF INITIAL PUBLIC OFFER OF VISHVARAJ ENVIRONMENT LIMITED

In respect of:

Noticee No.	Name of Noticee	PAN
1.	JM Financial Limited	AAACJ2590D
2.	Axis Capital Limited	AAACU8367M
3.	DAM Capital Advisors Limited	AAACK1586E
4.	Vishvaraj Environment Limited	AADCV0032H

*(The aforesaid entities are hereinafter individually referred to by their respective names/Noticee No. and collectively as "Noticees" unless the context specifies otherwise).*

**A. BACKGROUND**

1. Vishvaraj Environment Limited (hereinafter referred to as "**Issuer Company**") filed Draft Red Herring Prospectus (hereinafter referred to as "**DRHP**") for Initial Public Offering (hereinafter referred to as "**IPO**") with Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") on September 29, 2025. The proposed IPO by the Issuer Company comprises an offering of equity shares of face value of ₹5 each of the Issuer Company aggregating up to ₹2,250 Crore (hereinafter referred to as "**Offer**") comprising of fresh issue of ₹1,250 crores (hereinafter referred to as



“Fresh Issue”) and an Offer for Sale aggregating up to ₹1,000 crores by Premier Financial Services Private Limited (hereinafter referred to as “PFSP”).

2. PFSP holds 3,55,000,000 equity shares of the issuer company (inclusive of two equity shares held by Arun Hanumandas Lakhani and one equity share each held by Vandana Arun Lakhani, Sidhaartha Arun Lakhane, Sarang Arun Lakhane, Dhatrpriya N Lakhane and Ratnakar Suppliers Private Limited on behalf of and as nominee shareholders of Premier Financial Services Private Limited in the Issuer Company) bearing almost around 100% of the equity shareholding of the Issuer Company. Further, PFSP is a Non-Banking Financial Company, being supervised and regulated by Reserve Bank of India (hereinafter referred to as “RBI”).
3. While processing the draft offer documents, comments were sought from RBI vide e-mails dated October 15, 2025 and November 18, 2025. The response of RBI was received on December 01, 2025 which, *inter alia*, mentioned the following:

*“a) The company shifted its registered office from West Bengal to Maharashtra without approval of / intimation to RBI. Further, it did not apply for transfer of files within one month. Application of the company for transfer of files (submitted later) was rejected due to various violations and the company was advised to comply with the guidelines. However, the company failed to comply with the instructions. Therefore, the company is still registered with RBI, Kolkata, while it is having its registered office in Maharashtra.*

*b) The company appointed Vandana Arun Lakhani as a Director of the company w.e.f. September 29, 2023, resulting in change in management beyond 30%, without taking prior approval of RBI.*

*c) As per unaudited returns filed by the company, asset size of the company exceeded ₹1000 crore and therefore, it is required to be categorized as NBFC-Middle Layer and file applicable returns. The company was advised to submit audited financials and other requisite documents in order to categorize it in Middle Layer. However, the company has neither responded nor filed any audited return.*



- d) *The company is still registered with RBI as Premier Financial Services Limited, whereas it has changed its status to private and is presently named as Premier Financial Services Private Limited. As per our records, updated CoR has not yet been issued by Department of Regulation due to existing concerns around the company.*
- e) *Pursuant to the violations observed, it would not be prudent to permit this non-compliant NBFC or its group entity to bring in an IPO. It would not be in public interest to permit them to bring out the IPO as the NBFC is a consistent violator of extant guidelines.”*

## **B. ISSUANCE OF SHOW CAUSE NOTICE**

4. Pursuant to receipt of aforesaid comments and objections from RBI, the DRHP was examined and it was observed that since PFSPPL holds almost 100% shareholding in the Issuer Company and is also a Promoter Selling Shareholder in the said IPO, disclosures relating to PFSPPL are material at the DRHP stage in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as “**ICDR Regulations**”). However, no disclosures with respect to regulatory action as stated by RBI were found to have been made in the DRHP. It was observed that an adverse outcome arising out of any supervisory action taken by RBI, against the Promoter (holding almost 100% shareholding in the Issuer Company), is likely to impair the Issuer Company’s management and control and threaten its business continuity and survival. Therefore, any deliberate suppression of such serious material information as mentioned above, will directly result in investors not being in a position to assess the major risk(s) associated with the issue.
5. Accordingly, a show cause notice dated December 12, 2025 (hereinafter referred to as “**SCN**”) was issued by SEBI wherein it was alleged that the Noticees, while being in complete knowledge of the above events, as pointed out by the RBI, had willfully concealed such material information, which ought to have been disclosed



in the DRHP. It was alleged that such non-disclosures of material information in the DRHP violated sub-regulations (1) and (2) of regulations 24 of the ICDR Regulations read with sub-item (ii) of item (1) of sub-clause (A) of Clause 12 of Part A of Schedule VI of the ICDR Regulations. The Issuer Company was called upon to show cause as to why the DRHP should not be rejected for non-compliance with the provisions of sub-clauses (i) and (ii) of clause 1.5 and sub-clauses (i) of clause 1.6 read with sub-clauses (ii) and (iv) of clause 2 of SEBI (Framework for Rejection of Draft Offer Documents) Order 2012 dated October 09, 2012 (hereinafter referred to as “**General Order**”), read with regulation 296 of the ICDR Regulations.

6. Further, it was alleged that the Merchant Bankers, viz., J.M. Financial Limited, Axis Capital Limited and DAM Capital Advisors Limited, by failing to ensure disclosure of the abovementioned material information in the DRHP, have failed to exercise due diligence and discharge their obligations as mandated under Regulation 24(3) and 24(4) of the ICDR Regulations, 2018, thereby violating the said provisions and were also called upon to show cause as to why proceedings should not be initiated / action should not be taken against them under appropriate provisions of securities laws, for their alleged failure of not exercising independent professional judgement and ensuring proper care while carrying out due-diligence, which resulted in suppression of material information in the DRHP.

### **C. RELEVANT LEGAL PROVISIONS**

7. The relevant provisions of ICDR Regulations and the General Order that are alleged to have been violated are reproduced below:

#### **“ICDR Regulations, 2018**

##### ***Disclosures in the draft offer document and offer document***



24. (1) *The draft offer document and offer document shall contain all material disclosures which are true and adequate to enable the applicants to take an informed investment decision.*

(2) *Without prejudice to the generality of sub-regulation (1), the red-herring prospectus, and prospectus shall contain:*

(a) *disclosures specified in the Companies Act, 2013 and;*

(b) *disclosures specified in Part A of Schedule VI.*

(3) *The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer document.*

(4) *The lead manager(s) shall call upon the issuer, its promoters and its directors or in case of an offer for sale, also the selling shareholders, to fulfil their obligations as disclosed by them in the draft offer document and the offer document and as required in terms of these regulations.*

(5) *The lead manager(s) shall ensure that the information contained in the draft offer document and offer document and the particulars as per restated audited financial statements in the offer document are not more than six months old from the issue opening date.*

**SCHEDULE VI -DISCLOSURES IN THE OFFER DOCUMENT, ABRIDGED  
PROSPECTUS AND LETTER OF OFFER**

**Part A–Disclosures in offer document/letter of offer**

(12) *Legal and Other Information:*

(A) *Outstanding Litigations and Material Developments:*

(1) *Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries:*

(i) *All criminal proceedings;*

(ii) *All actions by regulatory authorities and statutory authorities;*



## **SEBI (Framework for Rejection of Draft Offer Document) Order, 2012**

### **1.5 Where there exists litigation including regulatory action;**

*(i) Which is so major that the issuer's survival is dependent on the outcome of the pending litigation.*

*(ii) Which is willfully concealed or covered.*

### **1.6 Other General Criteria;**

*(i) Failure to provide complete documentation in terms of requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.*

## **2. Applicability of the General Order**

*(ii) The criteria specified for rejection in this General Order is illustrative/ indicative and prescribes only general standards.*

*(iv) It is clarified here that mere triggering of any or few criteria mentioned in this General Order would not be considered as an automatic case for rejection and in all such cases a final view on rejection shall be taken by the Board after considering the materiality of the findings and facts and circumstances of each case."*

8. The aforesaid provisions of ICDR Regulations and General Order establish transparency standards for processing of offer documents, mandating true and adequate material disclosures in offer document where lead managers bear the responsibility for due diligence, verifying the accuracy of information, and ensuring that promoters and directors fulfill their disclosed obligations. Furthermore, the regulatory framework empowers the SEBI to reject draft offer documents based on material factors such as major, existential litigation, willful concealment, incomplete documentation, etc.



#### D. CONSIDERATION OF ISSUES AND FINDING

9. Pursuant to service of SCN, the Noticees completed inspection of documents and filed their replies to SCN on February 16, 2026 wherein the Noticees have denied the allegations leveled against them in the SCN. The Issuer Company has, *inter alia*, submitted that it was not obligated to make disclosure since the alleged lapses were supervisory and procedural in nature without any show cause having been issued by RBI and these issues were being addressed on ongoing basis even before issuance of SCN. The Issuer Company also submitted that alleged lapses relate to updating regulatory records, recognition of corporate actions, or confirmations incidental to ongoing supervision and do not involve any adjudicated findings, penalties, restrictions, or directions affecting PFSP's ability to act as a promoter and shareholder of the Issuer Company, conduct its business, the validity of its registration, or its financial position. Noticee nos. 1 to 3, *inter alia*, submitted that they had carried out due diligence to the best of their abilities and that they had no knowledge of alleged non-compliances since nothing was available in public domain and only RBI and PFSP could have known about the ongoing lapses. Since neither the Issuer Company nor PFSP disclosed correspondences with RBI despite specific queries being raised by the merchant bankers, Noticee nos. 1 to 3 have denied allegations levelled against them in the SCN.
10. Apart from the written replies, the Noticees have also sought opportunity of personal hearing before me. However, personal hearing may not be warranted in this matter due to the reasons recorded in the ensuing paragraphs of this Order.
11. During the pendency of the matter, vide e-mail dated February 10, 2026, SEBI sought response from RBI seeking the status of the issues highlighted by the RBI and corrective steps taken by the issuer company, if any. In response thereto, SEBI received e-mail dated February 20, 2026 from RBI wherein it stated as follows:  
*“1. The violations pointed out vide email dated December 1, 2025, vis-à-vis present status of the same are submitted as below:*



- i. **Change in Management:** *The company, vide its letters dated December 04 and 17, 2025 (addressed to us) and dated December 17, 2025 (marked to Central Board Director), submitted that the Director, appointed without prior approval of RBI, resigned from her post and status quo in the board of directors was restored. Therefore, this violation has been regularised.*
- ii. **Categorization in Middle Layer:** *As per audited return submitted by the company, for FY 2024-25, it was observed that its asset size is ₹976 crore, which is below ₹1000 crore. Therefore, it was decided that the company may continue to be categorized as NBFC-BL. Hence, earlier violation stands regularised.*
- iii. **Issuance of Duplicate/ Updated CoR:** *DoR, Kolkata has processed the company's application for issuance of updated CoR upon change of status and the company has been issued the same.*
- iv. **Shifting of registered office:** *The company was advised to apply for shifting of records to Mumbai RO, after regularising all the violations, including filing all the pending applicable returns. The company then applied to DoR, Kolkata, for shifting of records and subsequently, records of the company have been shifted to Mumbai RO by DoR, Kolkata. Therefore, this violation has been regularized.*

2. *In view of the above, it is submitted that all the violations observed earlier stand regularized and the records of the company have been shifted to Mumbai RO.”*

12.I note that the SCN issued in the present proceedings was primarily founded on the comments received from RBI vide its email dated December 01, 2025, wherein RBI informed SEBI that promoter of the Issuer Company i.e. PF SPL was non-compliant with RBI's regulatory framework such as unauthorized relocation of its registered office, unapproved appointment of a director triggering a change in control exceeding 30%, failure to reclassify as an NBFC-Middle Layer despite its asset size surpassing ₹1000 crore failure to submit updated Certificate of Registration and failure to comply with subsequent RBI corrective instructions. Considering the same, RBI stated that it would not be in public interest to permit PF SPL or its group entity to come out with an IPO due to continued non-compliance.



13. However, as noted above, vide e-mail dated February 20, 2026, RBI has categorically stated that all the aforesaid violations have been regularized. Further, in the latest communication, RBI has not raised any objection with respect to processing of IPO proposed by the Issuer Company, which it had objected to previously.

14. Having gone through the SCN, replies of the Noticees and the aforesaid communications, I note that the Primary foundation of issuing the SCN was the email dated December 01, 2025 from RBI highlighting various non-compliances. Since RBI has subsequently clarified that these violations have been regularized, the root of the SCN does not stand. Thus, the allegation levelled against the Issuer Company also does not stand. Further, there is no material on record to suggest that the communications of RBI relating to alleged non-compliances by PFSP were available in public domain. Thus, Noticees nos. 1 to 3 also cannot be faulted for failing to exercise independent professional judgement or ensuring proper care while carrying out due-diligence since the information was not provided to them by the Issuer Company.

15. Considering the same, I am of the view that no adverse inference can be drawn from the violations alleged in the SCN and as such I hold that the violations do not stand established.

#### **E. ORDER**

16. I, in exercise of power conferred upon me under sub-section (1) of Section 11 and sub-clause (ii) of clause (b) sub-section (1) of section 11A of the SEBI Act, 1992 read with regulation 296 of the ICDR Regulations, hereby, dispose of the SCN without any adverse direction.

17. The department is advised to process the offer documents in regular course and carry out their due diligence as done in any other case.



18. The Noticees are directed to ensure that the copies of SCN and this order are disclosed in the offer documents.

19. This order shall come into effect immediately upon its publication.

20. A copy of this order shall be served upon Noticees.

**PLACE: MUMBAI**

**DATE: MARCH 20, 2026**

**KAMLESH CHANDRA VARSHNEY**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**